

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-02 ACDA-05

NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00 SAJ-01

SS-15 NSC-05 EB-07 COME-00 OMB-01 /069 W

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R 201609Z MAY 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0222

AMEMBASSY LONDON

INFO JCS WASHDC

CSAF WASHDC

AMEMBASSY ROME

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 08111

E.O. 11652: GDS

TAGS: PFOR, MARR, NATO, GW

SUBJECT: EUROPEAN MULTI-ROLE COMBAT AIRCRAFT (MRCA)

REF: LONDON 7328

BEGIN SUMMARY: THIS EMBASSY AGREES IN PRINCIPLE WITH AMEMBASSY LONDON'S RECOMMENDATION THAT THE USG SHOULD ADOPT A MORE POSITIVE POSTURE VIS-A-VIS EUROPEAN DEVELOPMENT OF THE MRCA, WITH THE POSSIBLE ADVANTAGES TO THE U.S. OUTWEIGHING THE DISADVANTAGES. THE MRCA PROJECT IS POLITICALLY VULNERABLE IN THE FRG, WITH BUNDESTAG APPROVAL FOR PRODUCTION OF THE AIRCRAFT HINGING UPON THE FINAL FLY-AWAY PRICE. THE OPPOSITION HAS THUS FAR SUPPORTED THE PROJECT, BUT HAS CAVEATED ITS POSITION SUFFICIENTLY TO ENABLE IT TO DROP ITS SUPPORT IF THE MRCA DOES NOT MEET CERTAIN COST AND TECHNICAL STANDARDS. SHOULD THE MRCA PROJECT SUCCEED, WE BELIEVE THAT THE POSSIBILITY OF F-15 OR F-16 SALES TO THE GERMANS WOULD BE SUBSTANTIALLY DECREASED. END SUMMARY

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1. WE COMPLIMENT AMEMBASSY LONDON FOR ITS COGENT

ANALYSIS OF THE IMPORTANT POLICY IMPLICATIONS FOR THE U.S. OF THE SUCCESSFUL DEVELOPMENT OF THE MRCA BY OUR EUROPEAN ALLIES. THIS EMBASSY AGREES IN PRINCIPLE WITH LONDON THAT THE USG SHOULD ADOPT A MORE POSITIVE POSTURE VIS-A-VIS OUR ALLIES, AND THAT THE POSSIBLE ADVANTAGES TO THE U.S. OUTWEIGH THE DISADVANTAGES.

2. LONDON'S COMMENTS ABOUT THE STATUS OF THE MRCA PROJECT IN THE FRG ARE ESSENTIALLY CORRECT, PARTICULARLY THE POINT THAT THE PROJECT IS POLITICALLY VULNERABLE HERE. THE OFFICIAL CONTACTS WITH WHOM WE HAVE SPOKEN HAVE--NOT UNEXPECTEDLY--CONFIRMED THAT THE PROJECT IS MORE LIKELY TO SUCCEED THAN TO FAIL. THE ARGUMENT IS MADE THAT THE PROJECT IS NOW TOO FAR DOWN THE ROAD TO TURN BACK, EVEN THOUGH THE FINAL PRODUCTION DECISION HAS NOT BEEN TAKEN. WHILE THE BUNDESTAG HAS BEEN RELATIVELY QUIESCENT SINCE DECIDING TO PROVIDE ADDITIONAL FUNDING TO COMPLETE THE PRE-PRODUCTION DEVELOPMENT OF THE MRCA, WE ANTICIPATE THAT THE FUNDING ISSUE WILL COME TO THE FORE AGAIN WHEN THE TIME ARRIVES FOR THE FRG TO TAKE THE PRODUCTION DECISION. IT IS NOTEWORTHY THAT LAST DECEMBER THE BUNDESTAG BUDGETARY COMMITTEE PUT THE FLY-AWAY PRICE AT A MAXIMUM OF DM 21 MILLION. THE EMBASSY SERIOUSLY DOUBTS THAT THIS PRICE CAN BE MET, WITH SOME COMPLETE SYSTEM PRICE ESTIMATES WE HAVE HEARD RANGING AS HIGH AS DM 50-60 MILLION.

3. IN SUPPORTING THE OCTOBER FUNDING DECISION, THE OPPOSITION RESERVED TO ITSELF VARIOUS FINANCIAL AND TECHNICAL REASONS WHICH IT COULD USE ULTIMATELY TO DROP ITS SUPPORT. THE CDU/CSU DEFENSE SPOKESMAN URGED THE GOVERNMENT TO KEEP UNDER ACTIVE CONSIDERATION THE POSSIBILITY OF PROCURING CHEAPER, OXN-THE-SHELF AIRCRAFT

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AMEMBASSY ROME
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C O N F I D E N T I A L SECTION 02 OF 02 BONN 08111

--SUCH AS THE F-15 WHICH HE HAS FLOWN--TO MEET THE
FRG'S REQUIREMENTS. IT IS NOT POSSIBLE TO SAY NOW
WHETHER THE OPPOSITION WOULD DECIDE AGAINST THE PROJECT
SINCE THE DECISION WILL DEPEND UPON THE COST AOTECHNICAL FACTORS OBTAINING AT THE TIME THE GOVERNMENT
APPROACHES THE BUNDESTAG FOR THE PRODUCTION DECISION.

4. WE BELIEVE THAT LONDON'S ARGUMENT IN PARA 8.F.
REGARDING THE CREATION OF A MORE FAVORABLE SALES CLIMATE
FOR AWACS, THE F-15 AND F-16 COULD BE CHALLENGED,
PARTICULARLY HERE IN THE FRG. SHOULD THE MRCA GO INTO
PRODUCTION, THIS WOULD OBIVATE THE NEED FOR THE
GERMANS TO PURCHASE EITHER THE F-15 OR F-16. THE F-15
IS PERHAPS THE LEADING U.S. SALES CANDIDATE IF THE MRCA
PROJECT WERE TO FAIL. WHILE U.S. ENCOURAGEMENT OF THE
MRCA PROJECT WILL BUY GOOD WILL, IT SHOULD ALSO BE
UNDERSTOOD THAT, IF IT SUCCEEDS, THE POSSIBILITY OF
F-15 OR F-16 SALES TO THE GERMANS WOULD BE SUBSTANTIALLY
DECREASED.
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5. SIGNALLING A SHIFT IN THE U.S. ATTITUDE COULD BE
DONE IN A NUMBER OF WAYS. LONDON RECOMMENDS THAT SECDEF
DO SO IN WRITING AND OFFER U.S. ASSISTANCE ON THE
PROJECT. SUCH A FORMAL APPROACH MIGHT RAISE EUROPEAN
SUSPICIONS ABOUT U.S. MOTIVES. ANOTHER POSSIBLE METHOD
FOR CONSIDERATION MIGHT BE FOR THE SECRETARY TO EXPRESS
SUPPORT ORALLY FOR THE PROJECT THE NEXT TIME HE MEETS
WITH THE OTHER DEFENSE MINISTERS. THE SECRETARY COULD
NOTE THE POSITIVE DEVELOPMENT OF THE MRCA PROGRAM AND
INDICATE THE U.S. STOOD READY TO ASSIST THE CONSORTIUM
COUNTRIES IN BRINGING THE PROJECT TO A SUCCESSFUL
CONCLUSION.

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